

What to Expect for FY 2017



Implementation Overview of the
Grant Pre-Award Phase

FY 2017

Not Your Traditional Fiscal Year

- ▶ The “no budget” challenge
- ▶ Implementation of new state-wide grants management policies, procedures and templates
- ▶ Enforcement of Uniform Guidance governing Administrative Requirements, Cost Principles, and Audit Requirements
- ▶ Enforcement of GATA legislation

Highlights of What to Expect in FY 2017

- ▶ Restatement of the GATA Implementation Structure
- ▶ GATA Agency Advisory Workgroup
- ▶ Overview of the grant pre-award phase
- ▶ GATA roles and responsibilities: GATU, agencies, grantees
- ▶ GATA training

GATA Implementation Structure

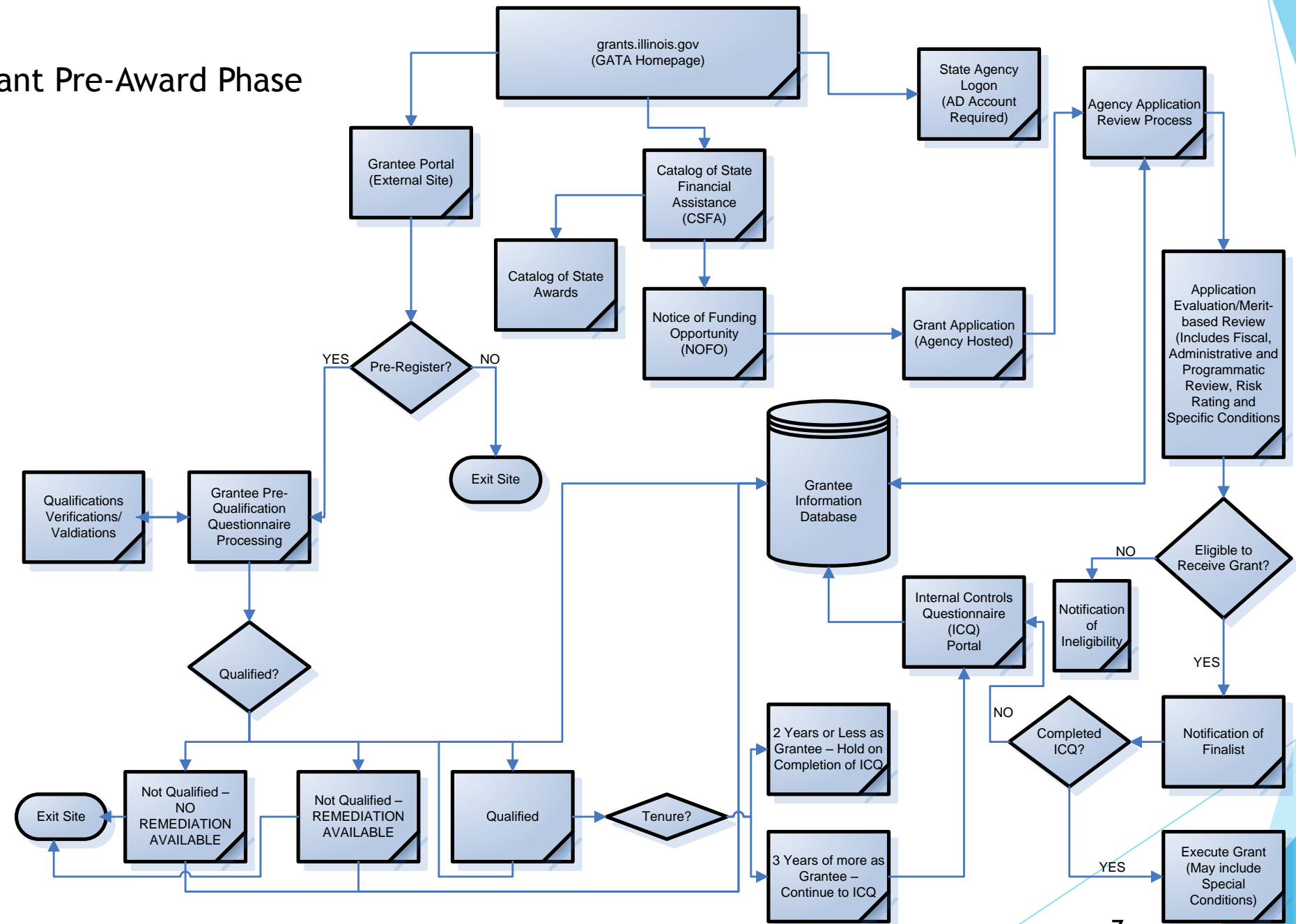
- ▶ **Rulemaking Phase**
 - ▶ GATA workgroups reviewed regulations and made rule recommendations, where applicable
 - ▶ State rules cannot be less stringent than federal rules
 - ▶ Only 9 modification recommendations were made to 2 CFR 200
- ▶ **Implementation Phase**
 - ▶ GATA workgroups established frameworks for state-wide implementation of the rules
 - ▶ Frameworks must allow flexibility for unique requirements of agencies and grant programs
 - ▶ Frameworks include templates, policies and procedures for uniform, state-wide use
- ▶ **Monitoring Phase**
 - ▶ GATA workgroups will propose enhancements to rules, templates, policies and procedures based on experience

GATA Agency Advisory Workgroup

Refer to handout

Overview of the Grant Pre-Award Phase

Grant Pre-Award Phase



Front-end Grants Management through grants.Illinois.gov

- ▶ Illinois' centralized grants management website for state agencies, grantees, and the public
- ▶ Provides access to:
 - ▶ Grantee portal for registration and pre-qualification
 - ▶ Financial and Administrative Risk Assessment
 - ▶ Catalog of State Financial Assistance (CSFA)
 - ▶ Notice of Funding Opportunity (NOFO)
 - ▶ List of executed grant agreements

State User Functionality from grants.Illinois.gov

- ▶ State Debarred and Suspended List
- ▶ Illinois Stop Pay List
- ▶ Report Interface
- ▶ Document Upload (to post NOFO, grant awards)
- ▶ Grantee Portal Data (similar to the CRV)

Catalog of State Financial Assistance (CSFA)

- ▶ Single, statewide, comprehensive source document of all state financial assistance program information
- ▶ Complete list of all state and federal grants available in Illinois - CSFA is static
- ▶ State cognizant agencies will be determined based on CSFA grant awards
- ▶ Once automated, CSFA entries will populate fields in the NOFO, grant application, grant agreement

Pre-Qualification - Phase 1

- ▶ 30 ILCS 708/25(6)
 - ▶ Centralized, automated verification required before an entity can receive a grant award
 - ▶ Current DUNS number
 - ▶ Current SAM Cage Code
 - ▶ Acceptable fiscal condition of the organization
 - ▶ Good standing with the Secretary of State
 - ▶ Not on the Illinois Debarred and Suspended or Stop Pay List
 - ▶ Not on the Federal excluded Parties List
 - ▶ Not on the Sanctioned Party List (maintain by HFS)

Phase 1 Notification

- ▶ Entity will receive automated notification that they are:
 - ▶ Not qualified - on Illinois Debarred and Suspended or the Federal Excluded Parties List (no remedy available)
 - ▶ Non-qualified but can remediate - Stop Pay List, expired DUNS number (notice will instruct on the remedy)
 - ▶ Qualified for a grant award
- ▶ Once the entity is “qualified” they’re instructed to complete Phase 2 of registration
- ▶ Pre-qualification is required annually

Pre-Qualification - Phase 2

Information Collection

- ▶ Determine grant administration experience
 - ▶ 2 years or less - fiscal and administrative risk assessment conducted after notification of a finalist for a grant award
 - ▶ 3 or more years - fiscal and administrative risk conducted after pre-qualification
 - ▶ 5 years or more - grantee is eligible for a multi-year award, if applicable under the terms of the award
- ▶ Number of full time employees
- ▶ Number of part time employees

Pre-Qualification - Phase 2

- ▶ List of Officers - Chief Executive Officer, Chief Financial Officer, Chief Operating Officer
- ▶ Total revenue/expenditures in the most recent fiscal year from the following sources:
 - ▶ Direct Federal Grants
 - ▶ Federal Pass-through Grants
 - ▶ State Grants
 - ▶ Other
- ▶ Entities with less than \$20,000 in grant funds from all sources in the prior fiscal year take the fiscal and administrative risk assessment upon notification of grant award finalist

Pre-award Risk Assessment

- ▶ 2 CFR 200.205(a) and (b) require a pre-award risk assessment
- ▶ Risk assessment framework will be automated for FY18 grant awards
- ▶ Risk assessment parameters are specified in 2 CFR 200.205 with specific conditions in 2 CFR 200.207
 - ▶ Grantee must be notified of additional requirements due to their risk profile

Pre-award Risk Assessment Framework

- ▶ Risk assessment framework is based on internal control compliance requirements in 2 CFR 200.62 and Compliance Supplement for reasonable assurance that:
 - ▶ Entity's transactions will be properly recorded and accounted for
 - ▶ Entity's transactions will be executed in compliance with regulations, statutes, terms and conditions
 - ▶ Funds, property, and other assets will be safeguarded against loss from unauthorized use or disposition

Internal Control Questionnaire (ICQ) Financial and Administrative Risk

- ▶ GATA centralizes fiscal and administrative risk assessment through the ICQ
 - ▶ Conducted once, annually for the entity
- ▶ Centralized ICQ will be uniform for all agencies
- ▶ GATU and the State Cognizant Agency will complete the ICQ until the framework is automated

Uniform Notice of Funding Opportunity (NOFO)

- ▶ Public notice is required for all competitive grants and cooperative agreements
- ▶ NOFO is the public notice template for uniform, summary information required by 2 CFR 200, Appendix I
- ▶ Agencies add grant-specific content
- ▶ If FY17 notices have not been issued, use the NOFO; NOFO will be required in FY18 notices
- ▶ **Uniform Grant Agreement template is required for all FY17 grants**
 - ▶ Agencies must perform a gap analysis to ensure all required information is collected to complete the new grant agreement

Uniform Grant Application

- ▶ Template based on federal application SF 424 including
 - ▶ All required data fields per 2 CFR 200, Appendix I
 - ▶ Agency-specific and applicant completed sections
 - ▶ Includes **uniform budget template** - required for FY17
- ▶ Entities respond to NOFO requirements through their application
- ▶ If FY17 grant applications have not been issued, use the uniform grant application; application required in FY18
 - ▶ Agencies must perform a gap analysis to ensure all required information is collected to complete the new grant agreement

Merit Based Review Policy

- ▶ Required for all competitive (discretionary) grants
- ▶ Includes uniform, required criteria for all agencies: Need, Capacity, and Quality
 - ▶ Allows definitions and additional criteria based on grant and agency requirements
- ▶ Evaluation is based solely on criteria stated in grant application in accordance with 2 CFR 200.204
- ▶ Evaluation must be conducted by committee
- ▶ Specifies the appeal process for grantees to agencies
 - ▶ Appeals limited to alleged process violations

Programmatic Risk Assessment

- ▶ 2 CFR 200.205 (a) and (b) require pre-award programmatic risk assessment of the applicant
- ▶ Must include agency (grant) specific questions based on the NOFO and unique requirements of the individual grant
- ▶ Risk assessment parameters are specified in 2 CFR 200.205 with specific conditions in 2 CFR 200.207
 - ▶ Grantee must be notified of additional requirements due to their risk profile
- ▶ Applicant responses determine degree of programmatic risk
 - ▶ Programmatic monitoring will be based on the assessment

Programmatic Risk Assessment (cont.)

- ▶ GATA establishes a uniform framework and template to evaluate programmatic risk of the applicant
 - ▶ Programmatic risk assessment framework will be automated for FY18 grant awards; system-generated risk profiles will be assigned
- ▶ GATU and the State Cognizant Agency will complete the programmatic risk assessment until the framework is automated

Uniform Grant Agreement

- ▶ Uniform template with all required state and federal clauses for grant agreements
- ▶ Exhibits specify requirements and exceptions unique to the agency and the grant
 - ▶ Prior to the agreement, the Notice of State Award informs grantee of all requirements and special conditions of the award
- ▶ Includes the uniform budget and budget narrative
- ▶ Uniform Grant Agreement and budget template are required for FY17 grants

Uniform Budget Template and Budget Narrative

- ▶ Budget templates includes standard summary line items
 - ▶ Specific reporting detail / requirements may be set by the agency and are required to roll up to the summary budget
- ▶ Budget must comply with 2 CFR 200.308 - Revision of budget and program plans
- ▶ Budget detail worksheet and narrative provide concise support for each line item of expense
- ▶ Budget template is required for FY17 grant awards

Required Financial Reporting

- ▶ Quarterly Financial Reporting (including Budget to Actual) will use the budget template
 - ▶ Risk assessments may require more frequent reporting
- ▶ Annual Financial Report will be required with the Audit
 - ▶ Must contain an “in relation to opinion” with the audited financial statements
- ▶ Performance Reporting will also be required quarterly and must relate financial data to performance accomplishments in accordance with 2 CFR 200.301

Illinois Stop Payment List, State-wide Debarred and Suspended List

- ▶ GATU building State Debarred and Suspended List
- ▶ Agencies should refer to the Stop Payment List prior to entering or modifying any grant agreements
- ▶ State-wide policy will establish uniform terms for invoking stop payment status and uniform consequences for grantees on stop payment status
- ▶ Policies will be issued regarding enforcement of:
 - ▶ Illinois' Stop Pay System
 - ▶ Illinois' Debarred and Suspended List

Indirect Cost Rate

- ▶ States are required to accept federally negotiated indirect cost rates
- ▶ Research rates will be limited to research grants
- ▶ Agencies must cite state or federal statute that disallows indirect costs rates, places limitations on the rates or caps salaries charged
 - ▶ Include statutes in the CSFA; send compiled list of statutes to GATU for “exception” process review
 - ▶ Without statute, agencies must accept the negotiated indirect cost rate

If Statute Does Not Allow Indirect Costs

- ▶ Agencies must use a matching requirement if the grant does not allow indirect costs
- ▶ Matching requirement must be increased if a grant did not previously allow indirect cost rates to be charged

Indirect Cost Rate – Centralized Function

- ▶ Leveraging the federal model, grantee indirect cost rates will be negotiated centrally
 - ▶ Approach authorized by Illinois' Federal Cognizant Agency
 - ▶ Agencies will be required to accept the rate
- ▶ Notice of Award in process
- ▶ Selected Vendor will provide:
 - ▶ Web based system for grantee to enter required information or upload via Excel, Word documents
 - ▶ Training on preparing indirect cost rate proposal
 - ▶ Training on system to submit indirect cost rate proposal
- ▶ Information on the negotiated indirect cost rates will be available to all agencies

Negotiating the Indirect Cost Rate

- ▶ State cognizant agency will approve rate with guidance from GATU
- ▶ Appeals and disputes of rates will be handled by an Indirect Cost Rate Committee of:
 - ▶ Selected officials from the ICR Vendor staff
 - ▶ Volunteers from state agencies (termed)
 - ▶ GATU
 - ▶ Cognizant agency representatives
- ▶ Grantees may submit an indirect cost rate proposal within 90 days of being granted an award. ICR Vendor will complete negotiated rate within 60 days.
- ▶ During the negotiation process (up to 5 months) reimbursement of indirect payments must be decided (Federal examples: 10% de minimis rate, proposed rate, NO reimbursement until rate approved, 20% of Salaries and Wage)

Implementing GATA - \$\$

- ▶ GATU expenses will be charged through a revolving fund
- ▶ Agencies can use grant administration funds for GATU expenses

Agency Request for Exceptions and the Illinois' Office of the Auditor General

- ▶ GATU has already been visited by the OAG
- ▶ OAG will perform agency compliance testing for 2 CFR 200 and GATA
- ▶ Federal and state audits will be evaluating agency implementation of these requirements
- ▶ Agency exception requests are being submitted to Governor's Compliance Officer for review
 - ▶ Agencies must comply with all GATA requirements unless an exception is requested and granted

GATA Roles and Responsibilities

Refer to handout

GATA Training

Training to Support the Pre-Award Phase

- ▶ Full day of training 3/9 encompassed GATA and federal guidance overview, cost principles, pre-qualification and risk assessments, NOFO and grant application, merit based review, budget template, indirect cost rates, and grant agreement
- ▶ Additional training coming in FY16:
 - ▶ Roles and responsibilities for GATA implementation
 - ▶ Completing the budget template and budget narrative; evaluating and approving the budget
 - ▶ Indirect cost rate negotiation
 - ▶ Grantee portal demonstration
- ▶ Utilize a standing webinar schedule (periodic events)

Agency Communication and Training Plans

- ▶ What's the status of implementing your agency's Communication and Training Plans for GATA?
- ▶ Are all grant-related stakeholders engaged in GATA implementation?
- ▶ How are you informing your grantees of the changes?
- ▶ What do you need from GATU and/or your Chief Accountability Officer?

GATU will support your agency
implementation efforts

Utilize the Agency Advisory Workgroup!

QUESTIONS?

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